

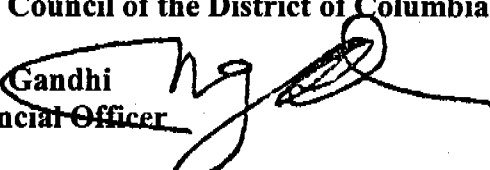
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: APR 26 2007

SUBJECT: Fiscal Impact Statement: "Medicaid State Plan Expansion for
Individuals Aged 19-20 with Incomes up to 200% of the Federal
Poverty Level Approval Resolution 2007"

REFERENCE: Draft Resolution—No Number Assigned

Conclusion

Funds are sufficient in the District's FY 2007 through FY 2010 budget and financial plan to implement the proposed resolution. The Department of Health (DOH), Health Care Safety Net Administration (HCSNA) has reserved local funds for the periods of FY 2007 through FY 2010 to meet the need for the Medicaid match.

Background

The resolution referenced relates to a proposed State Plan Amendment (SPA) to expand eligibility for Medicaid services to 19 and 20- year-olds with income up to 200% of the Federal Poverty Level (FPL). Many of these persons are eligible only under the D.C. Alliance, which is administered by the HCSNA because Medicaid only covers this group up to 50% of FPL at present. Currently, there are 785 recipients aged 19 or 20, and if approved, the proposed SPA would:

- Disregard the income between 50% of FPL and 200% of FPL for those 19 and 20- year-olds who are otherwise eligible for Medicaid; and
- Allow those 19-20 year olds currently in the Alliance to enroll in the Medicaid program and access the full range of Medicaid services.

Financial Impact

This State Plan Amendment is not expected to result in a negative impact on the District's FY 2007 – FY 2010 budget and financial plan. In FY 2007 and onwards, local funds have been appropriated for the D.C. Alliance. The Department of Health has reserved a sufficient amount from these local funds to meet the Medicaid match. By shifting the burden of health care services to the federal Medicaid program, the proposed resolution could result in cost savings as described in Tables 1 – 3.

Table 1: Five-Year Fiscal Impact of the Proposed SPA under Medicaid

Aged 19-20 Costs	FY 07	FY 08	FY 09	FY 10	Four Year Total
Local Share	\$159,989	\$492,139	\$504,543	\$517,242	\$1,673,914
Federal Share	\$373,308	\$1,148,324	\$1,177,268	\$1,206,899	\$3,905,799
Total	\$533,298	\$1,640,463	\$1,681,812	\$1,724,141	\$5,579,713

Table 2: Five-Year Current Spending estimates by the D.C. Alliance

Aged 19-20 Costs	FY 07	FY 08	FY 09	FY 10	Four Year Total
Local Share	\$666,339	\$2,049,651	\$2,101,375	\$2,154,205	\$6,971,571

Table 3: Five-Year Net Savings estimates under Medicaid (Difference between Local Share Values in Table 2 and Table 1)

Aged 19-20 Costs	FY 07	FY 08	FY 09	FY 10	Four Year Total
Cost Savings	\$506,350	\$1,557,512	\$1,596,832	\$1,636,963	\$5,297,657